

1 STRIS & MAHER LLP
2 PETER K. STRIS (SBN 216226)
3 peter.stris@strismaher.com
4 ELIZABETH R. BRANNEN (SBN 226234)
5 elizabeth.brannen@strismaher.com
6 DANA BERKOWITZ (SBN 303094)
7 dana.berkowitz@strismaher.com
8 KENNETH J. HALPERN (SBN 187663)
9 ken.halpern@strismaher.com
10 JOHN STOKES (SBN 310847)
11 john.stokes@strismaher.com
12 725 South Figueroa Street, Suite 1830
13 Los Angeles, CA 90017
14 T: (213) 995-6800 | F: (213) 261-0299
15
16 SHAUN P. MARTIN (SBN 158480)
17 smartin@sandiego.edu
18 5998 Alcala Park, Warren Hall 109C
19 San Diego, CA 92110
20 T: (619) 260-2347 | F: (619) 260-7933

21 *Counsel for Plaintiff Shera Bechard*

22 SUPERIOR COURT FOR THE STATE OF CALIFORNIA

23 FOR THE COUNTY OF LOS ANGELES

24 SHERA BECHARD,

25 Plaintiff,

26 v.

27 ELLIOTT BRODY, an individual,
28 KEITH DAVIDSON, an individual;
MICHAEL AVENATTI, an individual;
DAVIDSON & ASSOCIATES, PLC, a
professional limited liability company; and
DOES 1 through 20, inclusive,

29 Defendants.

30 Case No. BC 712913

31 VERIFIED COMPLAINT FOR DAMAGES
32 AND OTHER RELIEF

33 DEMAND FOR JURY TRIAL

34 CONFORMED COPY
35 ORIGINAL FILED
36 Superior Court of California
37 County of Los Angeles

38 JUL 06 2018

39 Sheri R. Carter, Executive Officer/Clerk of Court
40 By: Kristina Vargas, Deputy

1 1. Plaintiff Shera Bechard ("Ms. Bechard") brings this Complaint against Defendants
2 Elliott Broidy ("Mr. Broidy"), Keith Davidson and Davidson & Associates, PLC (together, "Mr.
3 Davidson"), and Michael Avenatti ("Mr. Avenatti"), and alleges as follows:

4 2. Ms. Bechard is a model and former Playboy Playmate. She had a lengthy relationship
5 with Mr. Broidy, a married man. ~~Mr. Broidy repeatedly said that he loved her and would support her~~
6 ~~financially,~~

7 3. ~~But Mr. Broidy started to become violent and engage in profoundly disturbing~~
8 ~~behavior. Near the end of their relationship, Mr. Broidy—who refused to wear a condom, and who~~
9 ~~had sex with Ms. Bechard without telling her that he had genital herpes—hurt her and~~ got Ms.
10 Bechard pregnant.

11 4. Thereafter, Ms. Bechard retained Mr. Davidson to help her understand and assert her
12 rights against Mr. Broidy.

13 5. Despite his fiduciary and ethical duties to his client, Mr. Davidson treated Ms.
14 Bechard's claims as a commodity to be traded for his own financial gain. He began by recruiting
15 Michael Cohen ("Mr. Cohen")—a notorious "fixer" for wealthy individuals including President
16 Donald Trump—to approach Mr. Broidy with an offer to represent Mr. Broidy and "solve" his issues
17 with Ms. Bechard. Unknown to Ms. Bechard, Mr. Davidson and Mr. Cohen were well acquainted
18 with one another, having worked together on projects including the hush money deal between porn
19 star Stormy Daniels (represented by Mr. Davidson) and Donald Trump (represented by Mr. Cohen).

20 6. Mr. Davidson wrote a crushingly one-sided agreement (the "Settlement Agreement")
21 that favored Mr. Broidy. To be sure: it required a substantial payment from Mr. Broidy (thus inflating
22 Mr. Davidson's fee). But in exchange, it required Ms. Bechard to sign away her rights and agree to
23 additional absurd terms, such as a \$4,800,000 liquidated damages clause. No reasonable lawyer
24 would have recommended that Ms. Bechard sign the Settlement Agreement, and no properly
25 informed client in her position would have agreed. It was instead a deal that Mr. Davidson could
26 convince Ms. Bechard to sign only by misrepresenting and omitting its key terms. Indeed, to conceal
27 the Settlement Agreement's many unconscionable aspects, Mr. Davidson *included a term that*
28

1 prohibited Ms. Bechard from having a copy of the agreement, refused to show the agreement to
2 her, and affirmatively lied to her about what the agreement said.

3 7. It gets worse. Although Mr. Broidy paid Ms. Bechard the first two of eight installment
4 payments required by the Settlement Agreement, he failed to make the third installment payment, due
5 on July 1, 2018. The same day, the *Wall Street Journal* published an article on that failure. It reported
6 that Mr. Broidy's current lawyer had told it (1) that Mr. Broidy would not pay any of the \$1,200,000
7 still owed to Ms. Bechard under the Settlement Agreement, and (2) that the reason for his refusal was
8 that *Mr. Davidson* allegedly leaked the existence of the Settlement Agreement to Mr. Avenatti, who
9 in turn revealed it to the public on Twitter in April 2018.

10 8. In a statement to the *Wall Street Journal*, Mr. Davidson denied any wrongdoing,
11 adding that “[a]ny accusation to the contrary is false and defamatory.” And in Mr. Avenatti’s statement
12 to the *Wall Street Journal*, he refused to comment on his guilt or innocence. But Mr. Broidy’s attorney
13 insists that he “can prove there was an intentional breach that renders the contract null and void”—
14 i.e., that Mr. Davidson and Mr. Avenatti breached the confidentiality provisions of the Settlement
15 Agreement, thus justifying Mr. Broidy’s refusal to pay Ms. Bechard the compensation to which she
16 is entitled under that agreement.

17 9. What Ms. Bechard knows for certain is that *she* has done nothing wrong; in particular,
18 she neither knows about nor ever consented to Mr. Davidson or Mr. Avenatti revealing her
19 confidential information or the terms (or even existence) of the Settlement Agreement. Thus, at least
20 one thing is clear: Defendants have violated Ms. Bechard's rights. This action seeks to enforce them.

PARTIES

22 10. Plaintiff Sheri Bechard is an individual who resides in Beverly Hills, California.

23 11. Defendant Elliott Broidy is an individual who resides in Beverly Hills, California

24 12. Defendant Keith Davidson is an attorney who resides in Woodland Hills, California.

25 13. Defendant Davidson & Associates, PLC ("DAPLC") is a law firm whose principal
26 place of business is located at 8383 Wilshire Boulevard, Suite 510, Beverly Hills, California 90211.

27 Mr. Davidson is a principal of DAPLC.

28 14. Defendant Michael Avenatti is an attorney who resides in Newport Beach, California.

1 15. The true names and capacities of Defendants Does 1 through 20, inclusive, are
2 unknown to Ms. Bechard at this time, and are therefore sued under such fictitious names pursuant to
3 California Code of Civil Procedure section 474. Each of them is in some manner legally responsible
4 for the events and happenings alleged herein. When these defendants are identified, Ms. Bechard will
5 seek to amend this Complaint accordingly.

JURISDICTION AND VENUE

7 16. Jurisdiction is proper under section 410.10 of the California Code of Civil Procedure
8 and Article 4 of the California Constitution.

9 17. Venue is proper under section 395 of the California Code of Civil Procedure because
10 the Defendants, or some of them, reside in the County of Los Angeles.

FACTUAL ALLEGATIONS

A. Ms. Bechard, Expecting Mr. Broidy's Child And Disturbed By His Mistreatment,
Meets With Mr. Davidson.

14 18. On October 31, 2017, Ms. Bechard met with Mr. Davidson and asked for his help
15 dealing with a problem. She was seven weeks pregnant with the child of Mr. Broidy (the then-Finance
16 Chairman of the Republican National Committee), conceived in an extramarital affair. (Mr. Broidy's
17 behavior had become destructive, and she was confused and scared.

18 19. Mr. Davidson interviewed Ms. Bechard about the facts of her relationship with Mr.
19 Broidy. He also reviewed voluminous text messages, including photographs, between Ms. Bechard
20 and Mr. Broidy. Mr. Davidson took handwritten notes at the meeting and kept them.

21 || 20. Here is some of what Mr. Davidson learned:

22 a) (Ms. Bechard first met Mr. Broidy at a restaurant in 2013. Mr. Broidy was
23 obsessed with Playboy Playmates, and became very interested in Ms. Bechard, who was a two-time
24 Playboy Playmate of the Month. Before long, the two were in an intimate sexual relationship.)
25 b) (That relationship was both sexual and deeply personal. Mr. Broidy told Ms.
26 Bechard about masturbating to the thought of her. He also repeatedly told Ms. Bechard that he loved
27 her, and said that he would financially support her. He shared personal information about his children.)
28 (Mr. Broidy and Ms. Bechard referred to one another as "daddy" and "mommy.")

7 d) Beginning in 2016, Mr. Broidy's conduct became increasingly violent and
8 disturbing. Mr. Broidy became possessive of Ms. Bechard and jealous toward any other men in her
9 life. Mr. Broidy would not allow Ms. Bechard to date anyone else, and commanded that no other man
10 was to touch her. And while Ms. Bechard wanted to work, Mr. Broidy insisted that she be financially
11 dependent on him. Mr. Broidy also told Ms. Bechard that she was "fat and needed to fix it," and
12 encouraged her to have liposuction.

20 f) In addition, Mr. Broidy would tell Ms. Bechard that he wanted to "skull fuck"
21 her. Mr. Broidy would describe his wife as a "bitch." And Mr. Broidy refused to use condoms even
22 though he had communicable genital herpes—a fact Ms. Bechard learned only when Mr. Broidy told
23 her years after their sexual relationship began.

24 g) Ms. Bechard and Mr. Broidy typically used the rhythm and withdrawal
25 methods to avoid pregnancy. But on the night of September 24, 2017, Mr. Broidy pushed Ms. Bechard
26 to drink excessively so that she would be more compliant toward his physical abuse. This had the
27 effect of making Ms. Bechard less vigilant about protecting herself from the risk that Mr. Broidy
28 would impregnate her, which, as doctors later confirmed, occurred that night.

1 (21) After learning she was pregnant, Ms. Bechard promptly told Mr. Broidy. Initially, he
2 supported her keeping the baby. But he quickly changed his tune and began demanding that she get
3 an abortion, insisting that "nobody can know."

④ (22) Ms. Bechard was scared of Mr. Broidy. She knew that he carried a gun in his car, and
⑤ Mr. Broidy told her that he had connections who could make people disappear. Ms. Bechard had
⑥ grave fears that something might happen to her. But she was also upset. The pregnancy prompted her
⑦ to think about what her life would be like with a violent misogynist as the father of her child. And
⑧ she needed to protect herself.

B. Mr. Davidson Gets Ms. Bechard To Sign The Settlement Agreement.

10 23. Mr. Davidson told Ms. Bechard that he could help with her situation. He had Ms.
11 Bechard sign an engagement letter (the “Engagement Letter”) that retained Mr. Davidson as her
12 attorney.

13 24. On or around November 8, 2017, Mr. Davidson told Ms. Bechard he had begun talking
14 with Mr. Broidy's lawyer. Ms. Bechard was surprised to hear that Mr. Davidson had so quickly
15 figured out who Mr. Broidy's lawyer was, so she asked how that had happened. Mr. Davidson
16 responded that he had a "relationship" with the lawyer, a guy named Michael Cohen. Ms. Bechard
17 asked, "wait, he's your friend?" But Mr. Davidson said no. Ms. Bechard had no reason to suspect
18 anything was amiss. So she let the issue go and told Mr. Davidson that she looked forward to hearing
19 more.

20 25. On or around November 18, 2017, Mr. Davidson told Ms. Bechard that a deal was on
21 the table under which she would receive \$1,600,000. Mr. Davidson told Ms. Bechard the amount
22 represented the net present value of child-support payments Mr. Broidy would be expected to make
23 over the 18-year support term of their child. In exchange for the money, Mr. Davidson told Ms.
24 Bechard she would give up all rights to sue Mr. Broidy for past conduct and would be required to
25 never again speak of the affair. Based on what she was told by Mr. Davidson, Ms. Bechard said she
26 would agree to the proposed deal.

27 26. On December 1, 2017, Mr. Davidson met with Ms. Bechard at a restaurant near his
28 office so she could sign a written agreement while he ate lunch. Mr. Davidson held the 26-page

1 contract in a manner such that Ms. Bechard could not actually read the document, while he purported
2 to go through the agreement paragraph by paragraph to explain it in lay terms. Mr. Davidson told Ms.
3 Bechard the following about the Settlement Agreement:

4 a) Ms. Bechard would receive \$1,600,000 over eight quarterly installment
5 payments, minus Mr. Davidson's 35 percent fee. When she questioned why installment payments
6 were necessary, Mr. Davidson told her Mr. Broidy had said he was broke and would have to borrow
7 the funds.

8 b) In exchange for the money, Ms. Bechard and Mr. Broidy would never again
9 speak of the affair and would give up the right to sue one another for everything that had previously
10 happened between them.

11 c) If either party breached confidentiality, the penalties would purportedly be as
12 follows: If Mr. Broidy breached, he would have to immediately pay the full amount due under the
13 Settlement Agreement. Mr. Davidson did not explain what would happen if Mr. Broidy breached
14 confidentiality after all of the payments had been made. If Ms. Bechard breached, her first offense
15 would be punished by a judge ordering her not to talk about the affair again. If she breached again,
16 she would be charged a fee. Mr. Davidson did not say how much it would be, but he said not to worry
17 about it.

18 d) The Settlement Agreement would be secret—only Ms. Bechard and her
19 accountant (no one else) could ever see it.

20 e) Mr. Davidson told her that she was not getting paid to have an abortion, but
21 rather to give up her rights to sue Mr. Broidy and to not to talk about the relationship.

22 27. (Not being paid to have an abortion was important to Ms. Bechard. She told Mr.
23 Davidson that while she had considered having an abortion, she wanted to keep her baby. Indeed, she
24 had already begun to purchase baby supplies and had seen a neonatal specialist to ensure medication
25 she was taking would not adversely affect the child.)

26 28. (But when Ms. Bechard revealed her plans to keep her baby, Mr. Davidson went
27 ballistic. He insisted that Ms. Bechard had to get an abortion because "that is how these deals work."
28 He questioned why Ms. Bechard would want to have Mr. Broidy's child when "the man looks like a

1 toad" and when she could have the money without the expense of raising the child. And Mr. Davidson
2 warned Ms. Bechard that he had spoken to Mr. Broidy directly and if she didn't have an abortion (1)
3 she would never be able to move out of California (and definitely not back to her home country of
4 Canada) due to Mr. Broidy's visitation rights, and (2) Mr. Broidy would sue *her* for child-support
5 payments. Mr. Davidson also told Ms. Bechard that Mr. Broidy had said "Shera should be very, very
6 careful," a thinly veiled threat to Ms. Bechard that she had better sign the Settlement Agreement and
7 have an abortion.

8 29. Mr. Davidson did not tell Ms. Bechard about many other material aspects of the
9 Settlement Agreement. They did not come to light until many months later. (See *infra* ¶¶ 50-53.)

10 30. During the lunch, Mr. Davidson pointed to places in the Settlement Agreement and
11 instructed Ms. Bechard to sign, which she did.

12 C. After Signing The Settlement Agreement, Ms. Bechard Begins To Receive
13 Installment Payments.

14 31. Fearing that the threats conveyed by Mr. Davidson were genuine and extremely
15 serious, five days later (on December 6, 2017), Ms. Bechard terminated her pregnancy. At Mr.
16 Davidson's request, Ms. Bechard signed documentation releasing medical records confirming the
17 abortion to Mr. Davidson.

18 32. Mr. Davidson received the first installment payment of \$200,000 from Mr. Broidy on
19 or around December 5, 2017. Mr. Davidson did not disburse Ms. Bechard's funds to her until January
20 2018, and only did so after Ms. Bechard repeatedly asked him to do so. Mr. Davidson took a \$70,000
21 (35%) fee on the first installment payment, and wired the remainder of \$130,000 to Ms. Bechard.

22 33. Mr. Davidson received the second installment payment of \$200,000 from Mr. Broidy
23 on or around April 1, 2018. Mr. Davidson took a \$70,000 (35%) fee on the second installment
24 payment, plus \$3,292.42 in costs. Mr. Davidson wired the remainder of \$126,707.58 to Ms. Bechard.
25 When Ms. Bechard inquired about the basis for the costs, Mr. Davidson told her they were incurred
26 on a trip he took to New York for a face-to-face meeting before the Settlement Agreement happened.

27 34. The next installment payment of \$200,000 from Mr. Broidy was due on July 1, 2018.

28

1 **D. Ms. Bechard Learns About The Troubling Relationship Between Mr. Davidson
2 And Mr. Cohen.**

3 35. In early April 2018, Ms. Bechard began to realize that something had gone seriously
4 awry. The national news reported on Mr. Davidson and Mr. Cohen for their apparent collusion on two
5 other deals: (1) an agreement between Donald Trump and Stephanie Clifford (aka “Stormy Daniels”),
6 and (2) an agreement between American Media, Inc. (“AMI”) and Karen McDougal, which also
7 related to Donald Trump. The press reported strange behavior between Mr. Davidson and Mr. Cohen
8 that seriously concerned Ms. Bechard.

9 36. On the AMI deal, for example, Mr. Davidson’s only client was Karen McDougal. Yet
10 according to a *New York Times* report, Mr. Davidson improperly and unethically back-channeled
11 information about that deal to Mr. Cohen. (*See* Jim Rutenberg et al., *Tools of Trump’s Fixer: Payouts,
12 Intimidation and Tabloids*, N.Y. Times (Feb. 18, 2018), [https://www.nytimes.com/2018/02/18
13 /us/politics/michael-cohen-trump.html](https://www.nytimes.com/2018/02/18/us/politics/michael-cohen-trump.html) [“Soon after Ms. McDougal signed the confidential agreement
14 on Aug. 5, 2016, Mr. Davidson emailed Mr. Cohen, ‘Michael, please give me a call at your
15 convenience.’ Mr. Davidson followed up by explaining to Mr. Cohen over the phone that the
16 McDougal transaction had been completed, according to a person familiar with the conversation.”].)
17 This conduct also contributed to a Federal Election Commission complaint alleging that AMI had
18 made an undisclosed in-kind campaign contribution to the Trump campaign. (*See* <https://www.commoncause.org/wp-content/uploads/legacy/press/press-releases/common-cause-v-trump-fec.pdf>.)

20 37. As a result of these disclosures, and needing to protect herself, in April 2018 Ms.
21 Bechard fired Mr. Davidson and retained new counsel.

22 **E. Michael Avenatti Publicizes The Settlement Agreement.**

23 38. On April 12, 2018, Mr. Avenatti began to expose the facts of the affair on Twitter. His
24 Twitter post identified an LA-based “prominent GOP donor” and identified the existence of a “hush
25 NDA” between him and an “LA woman,” noting that he “impregnated her and then made sure she
26 had an abortion” and that “[t]he deal provided for multiple payments across many months.”

27 39. On April 13, 2018, after the *Wall Street Journal* revealed additional details about the
28 Settlement Agreement, identifying Ms. Bechard and Mr. Broidy by name, (*see* Joe Palazzolo &

1 Michael Rothfeld, *Trump Lawyer Michael Cohen Negotiated \$1.6 Million Settlement for Top*
2 *Republican Fundraiser*, Wall Street J. (last updated April 13, 2018 9:36 p.m. ET),
3 <https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-top-republican-fundraiser-1523638726> [the “April WSJ Article”]), Mr. Avenatti publicly expressed
4 his disappointment for the lack of credit he had received for the April WSJ Article, tweeting “I tweeted
5 the facts on this last night. Always good to be proven correct. But attribution would have been nice.
6 <https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-for-top-republican-fundraiser-1523638726> ... via @WSJ.”

9 40. In the *Wall Street Journal* article, Mr. Broidy had vaguely acknowledged his affair
10 with Ms. Bechard but avoided expressly acknowledging the existence of the Settlement Agreement.

11 41. On July 1, 2018, the *Wall Street Journal* published another story about the Settlement
12 Agreement. (See Michael Rothfeld & Joe Palazzolo, *Top GOP Fundraiser to Stop Hush Payments*
13 *Over Affair*, Wall Street J. (last updated July 1, 2018 5:30 p.m. ET), <https://www.wsj.com/articles/top-gop-fundraiser-to-stop-hush-payments-over-affair-1530477047> [the “July WSJ Article”].) This time,
14 Mr. Broidy admitted the existence of the Settlement Agreement, stating through his lawyer that
15 “Elliott specifically was paying for confidentiality that would shield his family from the embarrassing
16 mistake he made.” (*Id.*) Mr. Broidy also told the *Wall Street Journal* he would not make his July 1,
17 2018 installment payment.

19 42. Mr. Broidy told the *Wall Street Journal* that he believed the Settlement Agreement had
20 been breached. To be clear: Mr. Broidy did not allege that Ms. Bechard had personally breached the
21 contract, nor even that she had intended for a breach to happen. Nor could he. Ms. Bechard had no
22 incentive or desire to reveal any confidential information. And she has never done so. Indeed, even
23 in the face of intense public scrutiny resulting from the April WSJ Article, Ms. Bechard refrained
24 from revealing any confidential information.

25 43. Nonetheless, Mr. Broidy maintains that the contract was somehow breached by Ms.
26 Bechard because *Mr. Davidson—the lawyer who represented Ms. Bechard in negotiating the*
27 *Settlement Agreement—leaked confidential information to Mr. Avenatti, who then exposed and*
28 *publicized it.* As the *Wall Street Journal* explained:

1 Mr. Broidy, who worked on the RNC with Mr. Cohen, will withhold the third
2 installment of \$200,000 that was due Sunday, in response to an alleged breach of the
nondisclosure agreement, according to Chris Clark, a lawyer for Mr. Broidy.

3 Mr. Clark said Ms. Bechard's lawyer at the time of the agreement, Keith Davidson,
4 improperly discussed the hush-money agreement with another lawyer, Michael
5 Avenatti, who has replaced Mr. Davidson in representing Stephanie Clifford, a former
adult-film star. Ms. Clifford, known professionally as Stormy Daniels, got a \$130,000
payment arranged by Mr. Cohen to keep quiet about what she said was a 2006 sexual
encounter with Mr. Trump.

7 "Elliott specifically was paying for confidentiality that would shield his family from the embarrassing mistake he made," Mr. Clark said. "We can prove there was an intentional breach that renders the contract null and void."

Mr. Clark, Mr. Broidy's lawyer, said Mr. Broidy and his representatives . . . spoke to people who said they had knowledge that Mr. Avenatti learned of the hush-money deal from Mr. Davidson, prompting the tweet.

2 | (July WSJ Article.)

3 44. The July WSJ Article also reported statements that Mr. Davidson and Mr. Avenatti
4 made in response to the allegations of Mr. Broidy.

5 45. According to the *Wall Street Journal*, Mr. Davidson had denied any wrongdoing: "A
6 spokesman for Mr. Davidson said the lawyer hasn't breached any agreement. 'Any accusation to the
7 contrary is false and defamatory,' said the spokesman, Dave Wedge, adding that Mr. Davidson 'looks
8 forward to addressing these matters in the proper venue, which is the court room, not the press.'" (*Id.*)

9 46. According to the *Wall Street Journal*, Mr. Avenatti declined to comment on his
0 complicity: "Mr. Avenatti said: 'I'm neither going to confirm nor deny what information I have about
1 this, whether it's all been disclosed yet, or where I learned it. But I would encourage Ms. Bechard to
2 disclose everything she knows about this situation to the public.'" (Id.)

E. Additional Serious Misconduct Is Revealed.

4 47. Additional troubling facts about the Settlement Agreement and the circumstances
5 surrounding it came to light after Ms. Bechard fired Mr. Davidson and retained the undersigned as
counsel.

7 48. *First*, the April WSJ Article revealed that Mr. Davidson had actually *recruited* Mr.
8 Cohen. According to Mr. Broidy's statement in the April WSJ Article: "Mr. Cohen reached out to me

1 after being contacted by this woman's attorney, Keith Davidson. Although I had not previously hired
2 Mr. Cohen, I retained Mr. Cohen after he informed me about his prior relationship with Mr.
3 Davidson." The July WSJ Article further described the circumstances of these events, reporting that
4 when Mr. Cohen first approached Mr. Broidy, he had told him "It's your lucky day, because you have
5 a big problem, and I can help you solve it."

6 49. *Second*, on April 12, 2018, and again, through counsel, on April 13, 2018, Ms.
7 Bechard requested from Mr. Davidson her complete client file and a copy of the Settlement
8 Agreement. Mr. Davidson refused to even respond to this request until April 24, 2018, at which time
9 he asserted a \$420,000 lien for unpaid attorney's fees. Mr. Davidson unethically and impermissibly
10 refused to turn over Ms. Bechard's client file and the Settlement Agreement to her promptly upon her
11 request.

12 50. *Third*, a review of the Settlement Agreement reveals (1) unconscionable terms to
13 which no reasonable lawyer or informed client would agree, as well as (2) terms that Mr. Davidson
14 either deliberately refused to disclose to Ms. Bechard or about which he affirmatively lied. For
15 example, in addition to the terms discussed *supra* at ¶¶ 26-27, the Settlement Agreement provides no
16 effective remedy to Ms. Bechard if Mr. Broidy violates its confidentiality or payment provisions (not
17 even acceleration, as Mr. Davidson had claimed to Ms. Bechard). In fact, Mr. Broidy has already
18 made multiple statements to the press that concern Ms. Bechard and the Settlement Agreement,
19 including about Mr. Davidson's and Mr. Avenatti's alleged actions that breached it. In stark contrast,
20 Ms. Bechard faces the threat of a preposterously high liquidated damages penalty and resulting
21 financial ruin if *she* has the audacity to mention the Settlement Agreement or respond to Mr. Broidy's
22 factual misstatements.

23 51. Indeed, among the more overtly unconscionable terms of the Settlement Agreement is
24 the \$4,800,000 penalty it purports to impose on Ms. Bechard for a breach. (Agreement at § 5.1.2.)
25 Shockingly, this provision arose when *Mr. Davidson* sent a redlined draft to Mr. Cohen that increased
26 the liquidated damages provision by many multiples, from \$500,000 to \$4,800,000. Mr. Davidson
27 never discussed this change with Ms. Bechard nor explained the significance of that provision—on
28

1 the contrary, he minimized it, telling her it was something about which she need not be at all
2 concerned.

3 52. The Agreement was also peppered with deliberate falsehoods that were useful only to
4 Mr. Broidy, such as “[Ms. Bechard] has been asked by counsel for [Mr. Broidy] but has refused to
5 show proof of pregnancy.” (Agreement at § 2.3.) That was flatly untrue. Days after retaining Mr.
6 Davidson, Ms. Bechard had given Mr. Davidson a copy of sonogram images of her baby. And she
7 had told Mr. Davidson she would gladly conduct paternity tests. Mr. Davidson had told her, however,
8 that Mr. Broidy would not submit to one. When the *Wall Street Journal* covered the story, they
9 reported those false details in ways that embarrassed Ms. Bechard, writing for example that “Ms.
10 Bechard declined to provide proof that she was pregnant with Mr. Broidy’s child, the contract says.”

11 (See April WSJ Article.)

12 53. The Settlement Agreement also contains additional deliberately false statements
13 designed exclusively to benefit Mr. Broidy. One of the statements signed by Ms. Bechard, for
14 example, claims that she never had an affair with or was impregnated by Mr. Broidy. (Agreement at
15 24.) Mr. Davidson never told Ms. Bechard that these provisions existed, or that this was in what she
16 was signing; rather, when she finally discovered that Mr. Davidson had tricked her into signing these
17 false statements, Ms. Bechard was shocked and appalled at these deliberate and knowing falsities.

18 54. *Fourth*, to add insult to injury, Ms. Bechard learned from the client file that Mr.
19 Davidson had even lied to her about the \$3,292.42 in costs for his trip to New York. These costs were
20 not incurred on her case because they were from a trip that occurred in January of 2017—nine months
21 before Ms. Bechard even met Mr. Davidson.

22 55. *Finally*, on May 8, 2018, Mr. Avenatti released a report that revealed three wire
23 payments of \$62,500 had been made from Mr. Broidy to Mr. Cohen. (Avenatti & Associates, APC,
24 *Project Sunlight: Executive Summary* (May 8, 2018), <https://s3.amazonaws.com/assets.fiercemarkets.net/public/005-LifeSciences/Avenatti+Cohen+report.pdf>) The payments were made on January 2,
25 2018, January 31, 2018, and March 1, 2018, and appear to be monthly fees paid to Mr. Cohen for his
26 role in the Settlement Agreement. (*Id.*)

28

1

FIRST CAUSE OF ACTION

2

(For Breach of Contract)

3

(Against Broidy)

4

56. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

5

57. Under the Settlement Agreement, Mr. Broidy is required to pay Ms. Bechard \$1,600,000 in eight \$200,000 quarterly payments. (Agreement at §§ 3.1, 3.1.2.)

6

58. The third quarterly payment of \$200,000 was due on July 1, 2018.

7

59. Mr. Broidy breached the Settlement Agreement by failing to make the required contractual payment on July 1, 2018.

8

60. Ms. Bechard did not breach the Settlement Agreement and knows of no valid excuse for Mr. Broidy's breach.

9

61. Further, Mr. Broidy's assertion of a breach by Ms. Bechard was made in "bad faith" within the meaning of the Settlement Agreement, entitling Ms. Bechard to acceleration of at least two installment payments. (See Agreement at § 5.1.2(a).) Evidence of bad faith here includes, but is not limited to, the following evidence:

10

a. Ms. Bechard did not personally reveal any confidential information (defined by the Settlement Agreement to include, among other things, the agreement itself and the affair).

11

b. Any alleged disclosure of confidential information was purportedly done by Mr. Davidson, who was not acting with Ms. Bechard's consent or knowledge.

12

c. Mr. Broidy's allegation of breach was made to the *Wall Street Journal*, which is the wrong forum to allege breach by Ms. Bechard under the Settlement Agreement; indeed, that allegation itself is a breach of Mr. Broidy's duties of confidentiality and non-disclosure under the Settlement Agreement.

13

62. Ms. Bechard has suffered damages as a result of Mr. Broidy's breach of the Settlement Agreement and requests monetary payment of \$200,000, the immediate acceleration of at least two required installment payments due to Ms. Bechard, and, in the alternative, payment of all remaining amounts due under the Settlement Agreement. Ms. Bechard also requests pre- and post-judgment interest at the statutory rate as well as her attorneys' fees and costs in this action.

SECOND CAUSE OF ACTION
(For Tortious Interference With Contract And
Interference With Prospective Economic Advantage)
(Against Davidson, DAPLC, and Avenatti)

5 63. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.
6 64. The Settlement Agreement was a valid contract between Ms. Bechard and Mr. Broidy.
7 The Engagement Letter between Mr. Davidson and Ms. Bechard was also a valid contract. The
8 Settlement Agreement required confidentiality. The Engagement Letter and Mr. Davidson's
9 associated ethical duties similarly required Mr. Davidson not to reveal confidential information about
10 Ms. Bechard and her case, including but not limited to the existence and terms of the Settlement
11 Agreement. The relationships between Mr. Broidy and Ms. Bechard, as well as between Mr. Davidson
12 and Ms. Bechard, also promised Ms. Bechard economic advantage.

13 65. Mr. Broidy has alleged that ‘Mr. Avenatti learned of the hush-money deal from Mr.
14 Davidson.’ (See July WSJ Article.) Mr. Broidy thereby alleges that Mr. Davidson breached the
15 Settlement Agreement by revealing its existence and terms to Mr. Avenatti, which would in turn be a
16 breach of the Engagement Letter as well as Mr. Davidson’s ethical duties thereunder.

17 66. Mr. Davidson knew of the Settlement Agreement by virtue of his role as Ms. Bechard's
18 attorney. At no time did Ms. Bechard give consent to, or have any knowledge of, the alleged
19 disclosure of the Settlement Agreement, its existence, its terms, or anything else to Mr. Avenatti. The
20 reported disclosure by Mr. Davidson to Mr. Avenatti constitutes an intentional act designed to induce
21 breach or disruption of the Settlement Agreement and the economic relationship between Ms.
22 Bechard and Mr. Broidy, and was accomplished by unlawful and unethical means—in particular, the
23 violation of Mr. Davidson's ethical duties to his client.

24 67. Mr. Avenatti knew of the Settlement Agreement by virtue of Mr. Davidson purportedly
25 telling him about it. Additionally, as an attorney and given the nature of what he himself called the
26 "hush NDA" agreement, Mr. Avenatti knew that Mr. Davidson was contractually and ethically bound
27 not to disclose to Mr. Avenatti information known by Mr. Davidson about Ms. Bechard's case,
28 including but not limited to the existence and contents of the Settlement Agreement. If Mr. Avenatti

1 indeed agreed to receive and received information about the Settlement Agreement from Mr.
2 Davidson, as alleged by Mr. Broidy, Mr. Avenatti engaged in an intentional act designed to induce
3 breach or disruption of the Settlement Agreement and the Engagement Letter, as well as the economic
4 relationship between Ms. Bechard, Mr. Broidy, and Mr. Davidson. Mr. Avenatti's decision to receive
5 confidential information about Ms. Bechard from her attorney, including the existence and terms of
6 the Settlement Agreement was, if Mr. Broidy's allegations are correct, accomplished through
7 unlawful and unethical means including complicity in Mr. Davidson's violation of ethical duties owed
8 to Ms. Bechard.

9 68. As a result of the foregoing, Ms. Bechard has suffered damages in the form of Mr.
10 Broidy's refusal to pay the amounts due under the Settlement Agreement, as well as in the form of
11 expenses incurred in the Settlement Agreement's enforcement. Accordingly, Mr. Davidson and Mr.
12 Avenatti are liable in an amount to be proved at trial, and for pre- and post-judgment interest.

13 THIRD CAUSE OF ACTION

14 (For Conspiracy To Commit Breach Of Fiduciary Duty)

15 (Against Davidson, DAPLC, and Avenatti)

16 69. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

17 70. The attorney-client relationship is a fiduciary relationship of the highest character.
18 (*Cox v. Delmas* (1893) 99 Cal. 104.) Every lawyer must refrain from using undue influence and must
19 undertake the relationship with the utmost good faith. (*Trafton v. Youngblood* (1968) 69 Cal. 2d 1;
20 *Clark v. State Bar* (1952) 39 Cal. 2d 161.) Every lawyer must render legal advice with the skill,
21 prudence, and diligence of a lawyer of ordinary skill and capacity. (*Kirsch v. Duryea* (1978) 21 Cal.
22 3d 303, 308; California Rules of Prof. Conduct 3-110.) And every lawyer owes an undivided duty of
23 loyalty and fidelity to his client. (*Alkow v. State Bar* (1971) 3 Cal. 3d 924.)

24 71. The elements of civil conspiracy are "(1) the formation and operation of the
25 conspiracy, (2) wrongful conduct in furtherance of the conspiracy, and (3) damages arising from the
26 wrongful conduct.' " (AREI II Cases (2013) 216 Cal. App. 4th 1004, 1022.)

27
28

1 72. Mr. Davidson purportedly breached multiple fiduciary and ethical duties by revealing
2 the Settlement Agreement and client confidences to Mr. Avenatti and did so for the purpose of
3 breaching those duties.

4 73. Mr. Avenatti purportedly knew what Mr. Davidson knew, and knew that the Settlement
5 Agreement was secret. Indeed, his tweet about it described the agreement as a “hush NDA.” Mr.
6 Avenatti, moreover, desired to assist the exposure and public promotion of the Settlement Agreement
7 because he claimed entitlement to and hoped to receive attribution as the first source of public
8 information about it.

9 74. As a result of the foregoing, Ms. Bechard has suffered damages in the form of Mr.
10 Broidy’s refusal to pay the amounts due under the Settlement Agreement, as well as in the form of
11 expenses incurred in the Settlement Agreement’s enforcement. Accordingly, Mr. Davidson and Mr.
12 Avenatti are liable in an amount to be proved at trial, and for pre- and post-judgment interest.

13 FOURTH CAUSE OF ACTION

14 (For Declaratory Relief Regarding Further Attorney’s Fees)

15 (Against Davidson and DAPLC)

16 75. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

17 76. The Engagement Letter provides that in the event of discharge, Mr. Davidson will be
18 entitled to “a reasonable fee” for the legal services he provided, determined using a multi-factor test.
19 As the Engagement Letter explains:

20 In the event of Attorney’s discharge or withdrawal as provided in Paragraph 11, Client
21 agrees that, upon payment of the settlement, arbitration award or judgment in Client’s
22 favor in this matter, Attorney shall be entitled to be paid by Client a reasonable fee for
23 the legal services provided. Such fee shall be determined by considering the following
24 factors:

25 (a) The actual number of hours expended by Attorney in performing legal
26 services for Client;
27 (b) Attorney’s hourly rates;

- 1 (c) The extent to which Attorney's services have contributed to the result
- 2 obtained;
- 3 (d) The amount of the fee in proportion to the value of the services
- 4 performed;
- 5 (e) The amount of recovery obtained;
- 6 (f) Time limitations imposed on Attorney by Client or by the
- 7 circumstances; and
- 8 (g) The experience, reputation and ability of personnel performing the
- 9 services.

10 77. Mr. Davidson has been discharged by Ms. Bechard.

11 78. To date, Mr. Davidson has charged Ms. Bechard fees of \$140,000.

12 79. Applying the factors listed in the Engagement Letter to the facts of this case, the
13 reasonable value of Mr. Davidson's services—particularly in light of his serious ethical violations,
14 *see infra ¶¶ 86(a)-(g)*—is zero, or, in the alternative, less than the \$140,000 in fees already paid by
15 Ms. Bechard to Mr. Davidson.

16 80. There is an actual and continuing controversy about this issue between Ms. Bechard
17 and Mr. Davidson. Mr. Davidson asserts that he has done nothing wrong, and remains entitled to a 35
18 percent contingency fee on all future payments received by Ms. Bechard from Mr. Broidy.

19 81. Accordingly, Ms. Bechard seeks a declaratory judgment that Mr. Davidson is entitled
20 to no further attorney's fees, or, in the alternative, to an amount less than the amount he has claimed.

21 **FIFTH CAUSE OF ACTION**

22 **(For The Return Of Excessive Attorney's Fees and Costs Paid)**

23 **(Against Davidson and DAPLC)**

24 82. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

25 83. Pursuant to Rule 4-200 of the Rules of Professional Conduct, “[a] member shall not
26 enter into an agreement for, charge, or collect an illegal or unconscionable fee,” and the
27 unconscionability of a fee shall be determined on the basis of all the facts and
28 circumstances existing at the time the agreement is entered into except where the

1 parties contemplate that the fee will be affected by later events. Among the factors to
2 be considered, where appropriate, in determining the unconscionability of a fee are the
3 following:

- 4 (1) The amount of the fee in proportion to the value of the services
5 performed.
- 6 (2) The relative sophistication of the member and the client.
- 7 (3) The novelty and difficulty of the questions involved and the skill
8 requisite to perform the legal service properly.
- 9 (4) The likelihood, if apparent to the client, that the acceptance of the
10 particular employment will preclude other employment by the member.
- 11 (5) The amount involved and the results obtained.
- 12 (6) The time limitations imposed by the client or by the circumstances.
- 13 (7) The nature and length of the professional relationship with the client.
- 14 (8) The experience, reputation, and ability of the member or members
15 performing the services.
- 16 (9) Whether the fee is fixed or contingent.
- 17 (10) The time and labor required.
- 18 (11) The informed consent of the client to the fee.

19 84. Applying these factors to the facts of this dispute, the fee that Mr. Davidson has
20 received to date is unconscionable. Particularly in light of Mr. Davidson's serious ethical violations,
21 *see infra ¶¶ 86(a)-(g)*, he should be entitled to no fee whatsoever, and the Court should order
22 disgorgement of the \$140,000 currently in his possession, as well as of the money paid by Ms.
23 Bechard to Mr. Davidson for his alleged costs, or, in the alternative, the Court should order the return
24 of such lesser amount as this Court deems just and proper.

25 **SIXTH CAUSE OF ACTION**

26 **(For Breaches Of Fiduciary Duty)**

27 **(Against Davidson and DAPLC)**

28 85. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

1 86. Mr. Davidson breached his fiduciary duties to Ms. Bechard in at least the following
2 ways:

3 a. Mr. Davidson contacted and hired Mr. Cohen without disclosing to Ms.
4 Bechard the nature of his relationship with Mr. Cohen and the conflicts arising thereunder.

5 b. Mr. Davidson drafted and coerced Ms. Bechard into signing a contract that
6 included provisions rendering it unconscionably lopsided in favor of Mr. Broidy for the purpose of
7 increasing his fee at Ms. Bechard's expense.

8 c. Mr. Davidson made false statements and omissions to Ms. Bechard about the
9 terms of the Settlement Agreement, and induced her to sign a contract containing provisions to which
10 she would not reasonably agree had she known of and understood them.

11 d. Mr. Davidson failed to promptly deliver to Ms. Bechard her client file and the
12 Settlement Agreement when she asked for them, during a period when she needed to fully understand
13 the Settlement Agreement's provisions.

14 e. Mr. Davidson purportedly disclosed confidential information, as it is defined
15 in the Settlement Agreement, and information about his representation of Ms. Bechard, to Mr.
16 Avenatti without Ms. Bechard's knowledge or consent.

17 f. Mr. Davidson unreasonably delayed in delivering client funds to Ms. Bechard;
18 in particular, the money that Mr. Broidy paid under the Settlement Agreement.

19 g. Mr. Davidson charged costs to Ms. Bechard claiming they were associated
20 with her case when in fact no such costs were incurred.

21 87. As a result of the foregoing, Ms. Bechard was materially harmed, and Mr. Davidson
22 should be denied his fee and should be required to make Ms. Bechard whole for his misconduct.

23 88. Additionally, because Mr. Davidson's conduct was willful, malicious, oppressive, and
24 done with a conscious disregard for Ms. Bechard's rights and interests, punitive damages should be
25 awarded to punish and deter future misconduct.

1

SEVENTH CAUSE OF ACTION

2

(For Legal Malpractice)

3

(Against Davidson and DAPLC)

4

89. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

5

90. "In a legal malpractice action arising from a civil proceeding, the elements are (1) the duty of the attorney to use such skill, prudence, and diligence as members of his or her profession commonly possess and exercise; (2) a breach of that duty; (3) a proximate causal connection between the breach and the resulting injury; and (4) actual loss or damage resulting from the attorney's negligence." (*Coscia v. McKenna & Cuneo* (2001) 25 Cal. 4th 1194, 1199.)

10

91. Mr. Davidson breached the duty of care owed to Ms. Bechard by failing to accurately inform her of the terms of the Settlement Agreement, by drafting and coercing her to sign a Settlement Agreement with unconscionable terms, by failing to perform legal services with the care and competence of a reasonable attorney, by failing to require adequate security to Ms. Bechard under the Settlement Agreement, by failing to promptly deliver money and client files to which Ms. Bechard was entitled, by failing to accurately and fully disclose the relationship between Mr. Davidson and Mr. Cohen and the conflicts therefrom, by recommending and inserting terms to which no properly informed client in Ms. Bechard's position would agree and which no reasonable counsel for her would recommend, and by the repeated improper and unethical conduct referred to in this action.

19

92. Ms. Bechard was damaged by this malpractice by Mr. Davidson in an amount to be established by proof at trial.

21

EIGHTH CAUSE OF ACTION

22

(For Equitable Indemnity)

23

(Against Davidson and DAPLC)

24

93. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.

25

94. "[A] contract under which the indemnitor undertook to do work or perform services necessarily implie[s] an obligation to do the work involved in a proper manner and to discharge foreseeable damages resulting from improper performance" (*Prince v. Pac. Gas & Elec. Co.* (2009) 45 Cal. 4th 1151, 1159.)

1 95. Ms. Bechard retained Mr. Davidson to represent her in connection with her claims
2 against Mr. Broidy. Mr. Davidson failed to competently and ethically act in accordance with terms of
3 his engagement as Ms. Bechard's attorney and breached his fiduciary duties therein, including by
4 allegedly revealing confidential information about the representation to Mr. Avenatti that Mr. Broidy
5 claims violated the Settlement Agreement.

6 96. To the extent Mr. Broidy contends that he has been damaged or is entitled to any other
7 relief as a result of a breach of the Settlement Agreement, said allegation and purported breached
8 having flowed from Mr. Davidson's alleged conduct, Ms. Bechard is entitled to indemnity from Mr.
9 Davidson to cover the foreseeable resulting damages.

10 97. To be clear: Ms. Bechard does not have personal knowledge that Mr. Davidson
11 disclosed her confidential information (including the existence and contents of the Settlement
12 Agreement) to Mr. Avenatti, but does know that (1) someone with intimate knowledge of these
13 facts—*and not her*—disclosed these details, (2) Mr. Broidy insists that that Mr. Davidson was the
14 one who disclosed these facts to Mr. Avenatti, and (3) Mr. Avenatti did indeed receive these facts
15 (since he tweeted about them). Given these predicate facts, Ms. Bechard alleges, in the alternative
16 and on information and belief, the facts herein; in particular, that Mr. Davidson disclosed and Mr.
17 Avenatti knowingly received from Mr. Davidson confidential information about her representation in
18 violation of Mr. Davidson’s fiduciary and ethical duties to Ms. Bechard. Those breaches of duty were
19 complete upon the disclosure of Ms. Bechard’s private legal information by Mr. Davidson to Mr.
20 Avenatti; no further disclosure (e.g., to the public) was necessary.

21 98. Whatever transpired was not the fault of Ms. Bechard. She did nothing wrong. She
22 should not be deprived of her rights because the three men described above (Mr. Broidy, Mr.
23 Davidson, and Mr. Avenatti) decided that they could use her to their advantage.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for an award against Defendants as follows:

26 1. For compensatory damages from all Defendants;
27 2. For pre-judgment interest against all Defendants;
28 3. For disgorgement from Mr. Davidson and DAPLC;

- 1 4. For declaratory relief with respect to Mr. Broidy, Mr. Davidson, and DAPLC;
- 2 5. For punitive damages from Mr. Davidson and DAPLP; and
- 3 6. For such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiff demands a jury trial for all claims so triable.

6 | Dated: July 5, 2018

STRIS & MAHER LLP

Peter K. Stris
725 South Figueroa Street, Suite 1830
Los Angeles, CA 90017
T: (213) 995-6800 | F: (213) 261-0299

Counsel for Plaintiff Shera Bechard

STRIS 725 S. FIGUEROA ST. STE 1830
MAHER LOS ANGELES, CA 90017

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I, Shera Bechard, declare:

I am the plaintiff in this action. I have read the foregoing complaint and know its contents. The matters stated in the foregoing complaint are true of my own knowledge, or are stated on my information and belief and I believe them to be true.

Executed on July 5, 2018, in Los Angeles County, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.


Shera Bechard

STRIS 725 S. FIGUEROA ST. STE 1830
MAHER LOS ANGELES, CA 90017